

Appendix I

WAC 296-17-31004 Coverage requirements WAC 296-17-31013 Building construction

WAC 296-17-31004

Coverage requirements.

(1) I own a business. Am I required to have workers' compensation insurance coverage for my employees? Nearly every employer doing business in the state of Washington is required to have workers' compensation insurance for his/her employees. Washington law (*RCW 51.12.020*) does exempt certain types of employment from coverage. A copy of this law can be found in **Appendix A** of the workers' compensation manual. If you employ only individuals who are excluded from mandatory workers' compensation insurance coverage, you are not required to have workers' compensation insurance coverage.

(2) I hire contractors to perform work for me. Do I need to be concerned about premiums on their work? Yes. There are two ways you may be liable for premiums on the work they do.

First, they may be "workers" for whom you are required to report and pay premiums. The law defines worker to include both your employees and independent contractors you hire, when the essence of the contract is personal labor. See *RCW 51.08.070*, *51.08.180* and *51.08.195* for more guidance about when independent contractors will be considered workers.

Second, the Industrial Insurance Act imposes premium liability on anyone who contracts with another to have work performed. Even if the contractor you hire is not your worker (for example, if the contractor uses one or more workers on the job), you could be liable for their premiums if they fail to pay.

(3) Is there any way for me to protect myself from being held liable for premiums owed by construction contractors I hire? Yes, if you are a registered construction contractor or licensed electrical contractor, and you hire a registered construction contractor or a licensed electrical contractor to do construction work that requires

licensing or registration, you can protect yourself from being found liable for the premiums on the work that contractor does for you if:

- (a) They have a principal place of business eligible for IRS deduction;
- (b) They keep books and records that reflect all items of income and all expenses of the business; and
- (c) You have verified that they have an industrial insurance account in good standing, or are a self-insured employer approved by the department.

(4) What does "in good standing" mean? For someone's account to be in good standing, they must:

- (a) Be registered with the department of labor and industries for industrial insurance coverage with the state fund;
- (b) Have a certificate of coverage, also known as a liability certificate, that has not been revoked or canceled;
- (c) Have submitted all reports and supplements required by the department within the past year; and
- (d) Be current with all payments due to the state fund, or are current with an approved written payment agreement with the department regarding all unpaid amounts due the state fund.

(5) How do I know that someone's account is considered to be "in good standing"? You can find out whether someone's account is in good standing by visiting the department's website or calling your account manager. If the account is in good standing, we will give you a confirmation number you can keep as proof that you verified their status.

(6) I use the same subcontractors over and over. Do I have to verify that they have an industrial insurance account in good standing every time I use them? No. In *RCW 51.12.070* protection for construction contractors only requires that you have confirmed a subcontractor's account within a year prior to letting a contract. When you check out your subcontractors on the department's website or by

calling your account manager, a confirmation number will be provided as proof you checked them out. This confirmation number is valid for one year from the time it is issued.

If you are notified by the department of labor and industries that a subcontractor's account is no longer in good standing, you may be liable for their industrial insurance premiums from the date of notification forward.

(7) Can I, as a construction contractor, be held liable if I verify that the accounts of construction contractors I hire are in good standing, but they fail to confirm the accounts of the construction subcontractors they hire? No. If you make sure you and your construction subcontractors meet the requirements of RCW 51.12.070, you cannot be held liable if they fail to make sure their construction subcontractors meet the requirements.

WAC 296-17-31013 Building construction.
[Sections 10 through 14 are not included here.
Their content is addressed elsewhere in this guide.]

(1) Does this same classification approach apply to building and construction contractors?

Yes, but it may not appear that way without further explanation. We classify contractors by phase and type of construction since it is common for each contract to vary in scope.

***Example:** A contractor who builds and remodels private residences may frame the structure and work on no other phases of the project. On another job the same contractor may do only the interior finish carpentry. On still another job the contractor may install a wood deck or build a garden arbor. Each of these carpentry activities is covered by a different classification code. To ensure that contractor businesses receive the same treatment as other businesses, we assign classifications according to the phases and types of construction they contract to perform. Since some contractors specialize in one area of construction, such as plumbing, roofing,*

*insulation, or electrical services, this classification approach mirrors that of nonbuilding contractor businesses. The policy of assigning several basic classifications to contractors engaged in multiple phases of construction may seem to be in conflict with the classification approach used for nonbuilding contractor businesses, but we have simply used the **multiple business classification approach**.*

If we have assigned multiple classifications to your construction business you should take special care in maintaining the records required in the auditing and recordkeeping section of this manual. If we discover that you have failed to keep the required records we will assign all worker hours for which the records were not maintained to the highest rated classification applicable to the work that was performed.

(2) Who does this rule apply to?

If you are a building, construction or erection contractor and we have assigned one or more of the following classifications to your business, this rule applies to you: 0101, 0103, 0104, 0105, 0107, 0108, 0201, 0202, 0210, 0212, 0214, 0217, 0219, 0301, 0302, 0303, 0306, 0307, 0403, 0502, 0504, 0506, 0507, 0508, 0509, 0510, 0511, 0512, 0513, 0514, 0516, 0517, 0518, 0519, 0521, 0540, 0541, 0550, 0551, 0601, 0602, 0603, 0607, 0608, and 0701.

(3) Can I have a single classification assigned to my business to cover a specific construction project?

Yes, to simplify recordkeeping and reporting requirements we will assign a single classification to cover an entire project.

(4) How do I request the single classification for one of my construction projects?

You should send your request to the attention of your policy manager at the address below:

Department of Labor and Industries
P.O. Box 44144
Olympia, Washington 98504-4144

(5) If I have asked for a single classification on one of my construction projects, how do you determine which classification will apply?

You must supply us with a description of the project and a break down of the total number of hours of exposure by phase of construction that you are responsible for.

Example: You notify us that your company will be responsible for all plumbing and iron erection work on a commercial building site. You have requested a single classification for this project. In your request you tell us that you estimate that it will take one thousand work hours to perform all the plumbing work and five hundred work hours to do the steel erection work.

With this information we will estimate the premiums by classification.

Example: We determine that the plumbing work is covered under classification 0306 and the steel erection work is covered under classification 0518. Assume that classification 0306 has an hourly premium rate of \$1.50 and classification 0518 has an hourly premium rate of \$2.55. We estimate the total premium on this job to be \$2,775 (1,000 hours x \$1.50 = \$1,500 + 500 hours x \$2.55 = \$1,275).

Our next step in this process is to develop an average hourly rate for the project. We will use this information to select the single classification which will apply to this project.

Example: We will take the estimated premium (\$2,775) and divide this number by the estimated hours (1,500) and arrive at an average hourly rate of \$1.85.

To select the single classification that will apply to a construction project, we will compare the average hourly rate that we have computed to the rates of the classifications applicable to the project. We will select the classification whose hourly rate is the closest to the average hourly rate that we computed from the information you supplied us with.

Example: From the information you supplied, we have determined that the average hourly rate for this project is \$1.85. We also know that the rate for the plumbing classification (0306) is \$1.50 per hour and the rate for steel erection is \$2.55 per hour. We would assign classification 0306 as the single classification applicable to this project.

(6) How will I know what classification will apply to my construction project?

We will send you a written notice which will specify the basic classification and premium rate that will apply to this project.

(7) If I have asked for a single classification to cover one of my construction projects, am I required to use the single classification which you gave me?

No, but you should call your policy manager to verify what other classifications would apply to the project. The name and phone number of your policy manager can be found on your quarterly premium report or your annual rate notice. For your convenience you can call us at (360) 902-4817 and we will put you in contact with your assigned policy manager.

(8) I am a general construction or erection contractor, I subcontract all my work and have no employees of my own. Do I have to report to the department of labor and industries?

No, since you do not have employees, you do not need to report to the department of labor and industries. You should be aware that the workers' compensation insurance laws of Washington include certain independent contractors as workers. If we determine that an independent contractor that you used qualifies as a covered worker, you will be responsible for the premium due for their work time. You can also be held responsible for premiums due to labor and industries if you subcontract with an unregistered contractor and they fail to pay premiums on behalf of their employees. It is in your best interest to make sure that your subcontractors are registered contractors in good standing by confirming their status on the department's website or contacting your account manager.

(9) Am I required to keep any special records of subcontractors that I use?

Yes, you are required to keep certain information about the subcontractors that you use. The information required is:

- Subcontractor's legal name;
- Contractor registration number and expiration date;
- UBI number (or labor and industries account ID number).

If you supply materials to a subcontractor, also keep a record of the:

- Amount of material supplied;
- Project name or location;
- Date material was supplied; and
- Completion date of contracted work.

Failure to maintain these records may result in the subcontractor being considered a covered worker for whom you must report hours.

Appendix II

L&I Resources

Workplace Safety and Health Rules

The following list provides the WAC (Washington Administrative Code) reference for safety and health rules of specific interest to the wood-frame industry. These rules cover some of the most commonly cited serious hazards in the wood-frame industry.

Failure to follow these rules accounts for many of the violations frequently cited in the wood-frame industry, and they can result in a monetary penalty. More importantly, injuries are more likely to occur when employers and their workers do not follow these rules. You – the employer — may wish to review these rules and ensure that necessary precautions are taken. You can access the rules and other useful information on worksite safety by visiting the L&I web site – www.LNI.wa.gov.

Remember, accident prevention is the best way to control your premium costs.

296-155	Part A	General Safety & Health Provisions Housekeeping (155-020)
296-155	Part B-1	Occupational Health and Environmental Control Accident Prevention Program (155-110) Management's Responsibility (155-100) First Aid Training (155-120)
296-155	Part C	Personal Protective & Life Saving Equipment Eye and Face Protection (155-215) Head Protection (155-205)
296-155	Part C-1	Fall Restraint and Fall Arrest (155-245–24525)
296-155	Part G	Tools, Hand and Power (155-350–380)
296-155	Part I	Electrical General Requirements (155-444) Wiring Design & Protection (155-447) Wiring Methods & Components & Equipment for General Use (155-449)
296-155	Part J	Stairways and Ladders (155-475–48090)
296-155	Part J-1	Scaffolds (155-481–498)
296-155	Part K	Floor Openings, Wall Openings, & Stairways (155-500–515)
296-155	Part M	Motor Vehicles, Mechanized Equipment & Marine Operations Material Handling Equipment (155-615)

296-155	Part N	Excavation, Trenching, and Shoring (155-650–66411)
296-62	Part I-1	Asbestos Communication of Hazards to Employees (62-07721)
296-800-170	Core Rules	Chemical Hazard Communication

Risk Management Services

Labor and Industries will help business/trade associations or individual employers establish loss-control programs. These programs, tailored to specific industry needs, help employers prevent work-related injuries and occupational diseases, and minimize industrial insurance claims costs. Risk Management staff also work with L&I's Employer Services section to help employer assess the appropriateness of their industrial insurance risk classifications.

If you're interested in Risk Management Services, call 360-902-5586.

WISHA* Safety and Health Consultations

Labor and Industries can provide your company with a safety and health consultation at **no cost**. It is specifically designed to help you increase safety awareness, prevent accidents and manage workers' compensation costs.

Here's how it works: At your request, a safety and health consultant will come to your job site to help you identify any safety or health hazards or deficiencies you may have and to review your written safety and health program for compliance with WISHA safety and health rules.

For more information, call 360-902-5735 or visit L&I's web site at www.LNI.wa.gov to learn more about consultations and how to contact a consultant in your area.

*WISHA – the Washington Industrial Safety and Health Act – is the state equivalent of OSHA. L&I's WISHA Services Division, not OSHA, is responsible for workplace safety and health rules in Washington State.

Toll-Free Telephone Numbers

1-800-LISTENS (547-8367)

Our hotline operators are available to answer general questions about claims or your industrial insurance account.

1-800-647-0982

Operators on the contractor registration information line can tell you if a contractor is currently registered, how long the contractor has been in business, whether there is pending action against a contractor's bond, and any previous actions.

1-800-423-7233 (4BE-SAFE)

Use this information line when you have questions about safety and health issues, such as safety regulations, the workers' "right to know" hazardous materials requirements, or our voluntary safety consultation services.

1-800-831-5227

This number is our automated information system line accessible from touch-tone telephones. Listen for the category you wish to access.

To access claim information, you will need the claimant's claim number and Social Security number.

To access an employer's account information, you will need the employer's 9-digit Unified Business Identifier (UBI) number and the 8-digit industrial insurance Account Identification (I.D.) number.

Department of Labor and Industries Field Service Locations

Labor and Industries operates local offices to serve your needs. If you have questions, call the office nearest you by checking under **Washington, State of**, in the government or white pages of your telephone directory.

Region 1, Northwest Washington

Bellingham
Everett
Mount Vernon

Region 2, King County

Bellevue
Seattle
Tukwila

Region 3, Pierce County/ Peninsula

Bremerton
Tacoma
Port Angeles

Region 4, Southwest Washington

Aberdeen
Longview
Tumwater
Vancouver

Region 5, Central Washington

East Wenatchee
Kennewick
Moses Lake
Okanogan
Walla Walla
Yakima

Region 6, Eastern Washington

Colville
Pullman
Spokane

Appendix III

CONTRACTOR CROSS REFERENCE INDEX

Outlined below is a matrix illustrating each operational phase of a wood-frame construction project and the risk classification that should be used when a contractor performs activities of a particular construction operation. (Note: the phases in this matrix correspond with the phases in the manual).

The intent of this matrix is to serve as a guide only, and generally applies in most instances. We do recommend that you review the content in the manual to ensure which classifications apply to your business.

OPERATION	0 1 0 1	0 1 0 3	0 1 0 5	0 1 0 7	0 1 0 8	0 2 1 2	0 2 1 7	0 3 0 1
SITE PREPARATION								
• Logging:								
by contractor _____								
log machine operator _____	X							
log truck drivers _____								
• Blasting:								
by blasting contractor _____		X						
by excavation contractor _____	X							
• Building Demolition:								
by contractor _____								
• Land Clearing/Grading:								
by contractor _____	X							
debris removal by contractor _____	X							
debris removal by hauling contractor _____								
FOUNDATION AND FLATWORK								
• Locating Foundation:								
by foundation contractor _____							X	
by excavation contractor _____	X							
by general contractor _____								
• Excavation:	X							
by contractor _____								
debris removal by contractor _____	X							
debris removal by hauling contractor _____								
• Setting Foundation:								
concrete foundation by contractor _____							X	
brick or stone foundation by contractor _____								
reinforcing steel installation by contractor _____							X	
• Flatwork:								
concrete flatwork by contractor _____							X	
brick or stone flatwork by contractor _____								
• Foundation Waterproofing:								
excavation work _____	X							
application of waterproof material _____								

CLASSIFICATION

[illegible]

OPERATION

0	0	0	0	0	0	0	0
1	1	1	1	1	2	2	3
0	0	0	0	0	1	1	0
1	3	5	7	8	2	7	1

FRAMING THE STRUCTURE

by contractor _____

UTILITY CONSTRUCTION

• To the structure — Exterior work:

overhead power line by contractor _____

underground power line by contractor _____

gas pipeline by contractor _____

waterline by contractor _____

well drilling by contractor _____

side sewer by contractor _____

septic tank by contractor _____

• Within the structure — Interior work:

Electrical

electrical wiring by contractor _____

alarm/intercom system by contractor _____

telephone pre-wire by contractor _____

CATV by contractor _____

Heating/Ventilation

furnace and duct work by contractor _____

air conditioning by contractor _____

central vacuum system by contractor _____

Plumbing

rough-in plumbing by contractor _____

sink, shower, tub, etc. installation by contractor _____

water heater by contractor _____

water/sewer pipe by contractor _____

ENCLOSING THE STRUCTURE

• Roofing:

by contractor _____

• Gutter and Downspout:

by contractor _____

• Siding/Exterior Covering:

wood or vinyl by contractor _____

metal/aluminum by contractor _____

brick by contractor _____

plaster or stucco by contractor _____

• Painting (Exterior):

by contractor _____

• Garage Doors:

by contractor _____

• Chimneys and Fireplaces:

by contractor _____

wood stove installation by contractor _____

ornamental brick work by contractor _____

CLASSIFICATION

[illegible]

OPERATION

0	0	0	0	0	0	0	0
1	1	1	1	1	2	2	3
0	0	0	0	0	1	1	0
1	3	5	7	8	2	7	1

INTERIOR FINISH WORK

- Insulation

by contractor _____

- Walls and Ceilings:

wallboard installation including scrapping (discounted rate) _____

wallboard installation including scrapping (non-discounted rate) _____

wallboard taping, including priming & texturing (discounted rate) _____

wallboard taping, including priming & texturing (non-discounted rate) _____

plastering or stuccoing by contractor _____

painting by contractor _____

wallpapering by contractor _____

wood paneling by contractor _____

metal walls (non-structural) by contractor _____

suspended grid ceiling by contractor _____

blinds, shades, draperies by contractor _____

- Interior Trim:

cabinet installation by contractor _____

interior doors and frames by contractor _____

wood stair railings by contractor _____

wood moldings by contractor _____

countertop installation

by specialty or floor-covering contractor _____

by cabinet contractor _____

- Floors

hardwood by contractor _____

carpet, vinyl, tile, parquet by contractor _____

brick, stone, mosaic, terrazo by contractor _____

FINISHING THE SITE

- Landscaping:

by contractor _____

- Fences:

wood or metal by contractor _____

brick or stone by contractor _____

concrete by contractor _____

- Decks and Patios, Swimming Pools, Exterior Lighting:

wood decks and patios by general contractor _____

concrete decks and patios by contractor _____

brick or stone decks and patios by contractor _____

concrete pools by contractor (excluding excavation) _____

plastic liner pools (no cement) by contractor _____

hot tubs or saunas by contractor _____

exterior lighting by contractor _____

CLASSIFICATION

0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	5	5	5	6
3	3	3	3	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	6	1	0	0	2	0
2	0	0	0	0	0	0	0	0	1	1	1	1	1	1	2	4	4	5	5	6	6	0	0	0	0	0	0	2
												X																
																		X										
																				X								
																				X								
																					X							
	X																					X						

OPERATION

	0	0	0	0	0	0	0	0
	1	1	1	1	1	2	2	3
	0	0	0	0	0	1	1	0
	1	3	5	7	8	2	7	1
r								
r								
							x	

CLASSIFICATION

0 3 0 2	0 3 0 6	0 3 0 7	0 5 0 2	0 5 0 4	0 5 0 6	0 5 0 7	0 5 0 9	0 5 1 0	0 5 1 1	0 5 1 2	0 5 1 3	0 5 1 4	0 5 1 6	0 5 1 9	0 6 0 1	0 6 0 7	0 6 0 8	1 1 0 2	5 0 0 1	5 0 0 3	5 2 0 6	6 6 0 2
																						X
								X														
	X																					
																					X	